



Good Disclosure: It's In the Process

A Financial Advisor's Perspective

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Role of Financial Advisor



- Serves one interest – that of the Issuer
- Independent
- Do not sell or underwrite bonds
- Ongoing relationship with Issuer, not limited to bond transactions
 - Assist with entire process from designing plan of finance to post-closing administration

Getting Started



- **Assembling the financing team**
 - Who will prepare Official Statement?
 - Bond Counsel
 - Disclosure Counsel
 - Underwriter's Counsel

Preparing the Official Statement



- **Whose document? The Issuer's**
 - Regardless of method of sale (competitive vs. negotiated)
 - Regardless of who drafts OS
- **Disclosure document vs. marketing tool**
- **Continuing disclosure considerations**

Preparing the Official Statement



- Always a work in progress
 - Examples
 - Bay Area Toll Authority
 - City and County of San Francisco

FA's Role in Primary Market Disclosure



- Trend away from Financial Advisors preparing the Official Statement
- FA assists in review of OS, but does not determine what to include/exclude
- Financial Advisor generally *“not obligated to undertake...an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in [the] Official Statement.”*

Continuing Disclosure



- **Internal vs. external preparation of annual reports**
- **Dissemination**
 - Dissemination Agent
 - Central Post Office
- **Special considerations**
 - Frequent issuers
 - Multi-agency financings

Ratings and Bond Insurance



- **Presenting the credit**
 - Does not begin or end with the rating meeting
 - FA assists with continuity of information or “story”
 - FA often prepares credit presentation, but Issuer delivers

Ratings and Bond Insurance



- **Post-meeting follow up**
 - Single point of contact – FA or Issuer
 - Manage information flow
- **Evaluate analyst questions/comments for relevance to OS disclosure**

Ratings and Bond Insurance



- Ongoing dialogue with credit analysts
 - Be proactive
 - Communication should not be confined to bond transactions
 - FAs help Issuers keep up with changes in rating criteria, “hot” issues

Summary



- FA has the Issuer's interests at heart
- Most ongoing Issuer contact among financing team members
- Provides certain financial analysis for OS
- Asks questions, raise issues based on knowledge of the Issuer
- Does not determine what is/is not material to disclose
- Legal responsibility for OS resides with Issuer